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Viewing cable 09ABUJA2170, CHINESE OIL COMPANIES NOT SO WELCOME IN NIGERIA'S

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- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
09ABUJA2170	2009-12-02 11:16	2011-08-30 01:44	CONFIDENTIAL	Embassy Abuja

Appears in these articles:

<http://www.spiegel.de/>

VZCZCXRO5095
RR RUEHCN RUEHGH
DE RUEHUJA #2170/01 3361116
ZNY CCCCC ZZH
R 021116Z DEC 09
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 7633
INFO RUEHAR/AMEMBASSY ACCRA 0953
RUEHBJ/AMEMBASSY BEIJING 0064
RUEHLU/AMEMBASSY LUANDA 0084
RUEHSA/AMEMBASSY PRETORIA 2121
RUEHCN/AMCONSUL CHENGDU 0004
RUEHCG/AMCONSUL CHENNAI 0005
RUEHGZ/AMCONSUL GUANGZHOU 0004
RUEHSA/AMCONSUL JOHANNESBURG 0143
RUEHOS/AMCONSUL LAGOS 2410
RUEHGH/AMCONSUL SHANGHAI 0004
RUEHSH/AMCONSUL SHENYANG 0006
RUEKJCS/DIA WASHINGTON DC
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RHEBAAA/DEPT OF ENERGY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHC/DEPT OF LABOR WASHDC
RHMFISS/HQ USAFRICOM STUTTGART GE

<<237579>>

12.02.2009 11:16

09ABUJA2170
Embassy Abuja
CONFIDENTIAL
09ABUJA2100
VZCZCXRO5095
RR RUEHCN RUEHGH
DE RUEHUJA #2170/01 3361116
ZNY CCCCC ZZH
R 021116Z DEC 09
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 7633
INFO RUEHAR/AMEMBASSY ACCRA 0953
RUEHBJ/AMEMBASSY BEIJING 0064
RUEHLU/AMEMBASSY LUANDA 0084
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RHEBAAA/DEPT OF ENERGY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHC/DEPT OF LABOR WASHDC
RHMFISS/HQ USAFRICOM STUTTGART GE
TAGS: [ECON](#) [EPET](#) [ENRG](#) [EINV](#) [PGOV](#) [PREL](#) [NI](#) [CH](#)
SUBJECT: CHINESE OIL COMPANIES NOT SO WELCOME IN NIGERIA'S
REF: ABUJA 2100

C o n f i d e n t i a l section 01 of 03 abuja 002170

Sipdis

State pass to ustr (laurie-ann agama)
state pass to ustda (paul marin)
state pass to eximbank (j richter)
state pass to opic (barbara giban, steve smith)
state pass to usaid - afr/sd (curtis, atwood, schlagenhauf)
state for eeb/isc/iec/enr (david henry)
state for s/ciea (david goldwyn, michael sullivan)
state for af/eps (elliott repco)
state for drl (tu dang)
usaid for dcha/dg (kimberly ludwig)
treasury for tony ieronimo, adam barcan
usdoe for george person, thomas sperl
doc for 3317/ita/oa/burress and 3130/usfc/oio/anesa/reed
labor for ilab (sudah haley)
johannesburg for ustda (jason nagy)

E.o. 12958: decl: 11/28/2019
Tags: econ, epet, enrg, einv, pgov, prel, ni, ch
Subject: chinese oil companies not so welcome in nigeria's
oil patch

Ref: abuja 2100

Classified By: Ambassador Robin R. Sanders for Reasons
in Sections 1.4 (b) and (d).

summary

1. (C) Two xxxxxxxxxxxx officials recently
volunteered that Chinese oil companies had made a lot of
mistakes in Nigeria and neither official welcomed their
presence. Nigeria National Petroleum Company (NNPC) xxxxxxxxxxxx
said on xxxxxxxxxxxx the NNPC
is aware of how the Chinese have behaved in the Sudan and
Chad and that the Chinese do not know how to deal with a
democratic government. xxxxxxxxxxxx complained on November 11 that there is no
recourse when dealing with the Chinese and that the Chinese
do not respect local laws. The poor image of the Chinese
helps to explain why they were never a serious threat to the

renewal of the international oil companies' (IOCs) oil mining licenses (OMLs). END SUMMARY.

ruffled feathers...

¶2. (C) Nigeria National Petroleum Company (NNPC) xxxxxxxxxxxx discussed the Chinese oil companies' recent attempts to obtain deep water oil mining leases (OMLs) with Economic Counselor and Trade and Investment Specialist on November 13. xxxxxxxxxxxx said that Shell Nigeria had opened the door for the Chinese by resisting GON efforts to pass the proposed Petroleum Industry Bill (PIB) and telling the National Assembly that the "Nigerian oil industry would be dead" if the PIB passed. "So they brought in the Chinese," xxxxxxxxxxxx said.

¶3. (C) Asked about how the Chinese handled themselves in Nigeria, xxxxxxxxxxxx said, "the Chinese are very aggressive because they need the oil." "They came in with big money," he said, "and they were ready with large loans with low interest rates." But the Chinese also made some mistakes. First, xxxxxxxxxxxx said, "We know what had happened in the Sudan and Chad and we know enough about them to know where we want them and where we don't." At the same time, xxxxxxxxxxxx said, "No one really desires to see the IOCs go when we have worked with them so long. Long-term friendships develop, a lot is learned from them, and we know how they do business."

¶4. (C) Second, xxxxxxxxxxxx said, "Their oil companies are run by the Chinese government and they do not know how to deal with the Chinese government and they do not know how to deal with a democratic government. For example, the Chinese told the NNPC officials which fields they wanted and the NNPC officials had to say, 'No, this field is operated by someone.'" The Chinese acted dumbfounded and said, "You mean

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we can't have it?" "The PIB did not come from nowhere," xxxxxxxxxxxx explained. Much consultation occurred before the GON presented the PIB to the National Assembly and all that was not going to be undone because of a Chinese official. "The Chinese caused the problem," he summarized, "and they ruffled a lot of feathers." xxxxxxxxxxxx added that Gazprom of Russia had used a similar approach. "We are lucky we have a democratic government" he said, "Under the military, the Chinese and Russians would be here."

...and no forwarding address

¶5. (C) xxxxxxxxxxxx colleagues also told visiting Coordinator for International Energy Affairs (S/CIEA) David Goldwyn and his delegation on November 11 that he and his union colleagues did not want the Chinese in the Nigerian oil sector. Goldwyn was asking about the problems faced by xxxxxxxxxxxx said, "The Chinese are here and that is a huge problem!" "xxxxxxxxxxxx have a list of the worst five countries to work for," xxxxxxxxxxxx said, "and they are on that list." xxxxxxxxxxxx explained that xxxxxxxxxxxx had experienced a problem with ExxonMobil when they "wrongfully fired a worker." xxxxxxxxxxxx applied pressure through the U.S. steel workers and the worker in question was given a choice of being re-hired or compensated and xxxxxxxxxxxx chose the latter. "If xxxxxxxxxxxx a problem with a Chinese company," xxxxxxxxxxxx complained, "who can xxxxxxxxxxxx to?" (COMMENT: Nigerian xxxxxxxxxxxx have complained to Labor Officer that the Chinese do not have industrial relations representatives or any formal human resources process other than the immediate supervisor who does the hiring and firing. Dealing with non-English-speaking Chinese officials also hinders constructive interaction. END COMMENT).

¶6. (C) xxxxxxxxxxxx later elaborated by alleging that Chinese labor practices were not good so no one wants to be part of it.

"Look at the Chinese mining companies in Zambia," xxxxxxxxxxxx said, "the labor unions there had to chase them out." xxxxxxxxxxxx noted that corrupt people in China were put to death, but overseas they quickly adapt to the local environment, including adopting corrupt practices. "The Chinese have no respect for local laws," xxxxxxxxxxxx said, "and they compromise a lot of things, including safety."

17. (C) Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) xxxxxxxxxxxx said the Chinese were the first to bribe local officials to win contracts and get around local laws. By contrast, xxxxxxxxxxxx said xxxxxxxxxxxx played by the rules and was above-board. "xxxxxxxxxxxxx proud of xxxxxxxxxxxx company in that respect," xxxxxxxxxxxx said. (See reftel for additional background on Goldwyn's meeting with the xxxxxxxxxxxx).

comment

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18. (C) The poor image of the Chinese helps to explain why they never seriously threatened renewal of the IOCs' oil mining licenses (OMLs), the first of which the GON signed with ExxonMobil on November 20. Most of the remainder will be signed in the coming weeks. Minister of State for Petroleum Resources Odein Ajumogobia told the joint GON-ExxonMobil press conference on the same day that, "There was never any consideration of selling or trading one firm for another." But he also said that, "NNPC has a right to relinquish any part of its equity to any third party that expresses interest and it is in that regard that the discussions with the Chinese have been carrying on." The GON owns 60 percent of all the joint ventures with the IOCs (55 percent in the case of Shell). So, the NNPC and the IOCs could still end up having minority Chinese partners -- whether they like it or not.

19. (U) Embassy coordinated this telegram with ConGen Lagos. Sanders